

## **IC 27-13-24**

### **Chapter 24. Suspension, Revocation, or Denial of Certificate of Authority**

#### **IC 27-13-24-1**

##### **Grounds for suspension or revocation**

Sec. 1. (a) The commissioner may suspend or revoke a certificate of authority issued under this article or deny an application submitted under this article if the commissioner finds that any of the following conditions exists:

- (1) The health maintenance organization is operating:
  - (A) significantly in contravention of its basic organizational document; or
  - (B) in a manner contrary to that described in any other information submitted under IC 27-13-2;  
unless amendments to the basic organizational document or other submissions that are consistent with the operations of the organization have been filed with and approved by the commissioner.
- (2) The health maintenance organization:
  - (A) issues an evidence of coverage;
  - (B) enters into a contract with a participating provider; or
  - (C) uses a schedule of charges for health care services;  
that does not comply with the requirements of IC 27-13-7, IC 27-13-15, and IC 27-13-20.
- (3) The health maintenance organization does not provide or arrange for basic health care services.
- (4) The commissioner determines that the health maintenance organization is unable to fulfill its obligations to furnish health care coverage.
- (5) The health maintenance organization is no longer financially responsible and may reasonably be expected to be unable to meet its obligations to enrollees or prospective enrollees.
- (6) The health maintenance organization has failed to correct, within the time prescribed by section 2 of this chapter, any deficiency occurring due to the impairment of the prescribed minimum net worth of the health maintenance organization.
- (7) The health maintenance organization has failed to implement the grievance procedures required by IC 27-13-10 in a reasonable manner to resolve valid complaints.
- (8) The health maintenance organization or any person acting on behalf of the organization has intentionally advertised or merchandised the services of the organization in an untrue, a misrepresentative, a misleading, a deceptive, or an unfair manner.
- (9) The continued operation of the health maintenance organization would be hazardous to the enrollees of the organization.
- (10) The health maintenance organization fails to comply with the requirements provided under IC 27-13-36 through

IC 27-13-40.

(11) The health maintenance organization has otherwise failed substantially to comply with this article.

(b) The commissioner, in a proceeding under IC 4-21.5-3-8, may impose a civil penalty of not more than twenty-five thousand dollars (\$25,000) against a health maintenance organization for each cause listed in subsection (a). The civil penalties may not exceed one hundred thousand dollars (\$100,000) for any one (1) health maintenance organization in one (1) calendar year. The penalty may be imposed in addition to or instead of a suspension or revocation of the certificate of authority of the health maintenance organization.

*As added by P.L.26-1994, SEC.25. Amended by P.L.69-1998, SEC.10.*

### **IC 27-13-24-2**

#### **Deficient net worth**

Sec. 2. (a) If the commissioner finds that the net worth maintained by a health maintenance organization subject to this article is less than the minimum net worth required by IC 27-13-12, the commissioner shall:

(1) give written notice to the health maintenance organization of the amount of the deficiency; and

(2) require the health maintenance organization to:

(A) file with the commissioner a plan for correction of the deficiency that is acceptable to the commissioner; and

(B) correct the deficiency within a reasonable time, not to exceed sixty (60) days, unless an extension of time, not to exceed an additional sixty (60) days, is granted by the commissioner.

(b) A deficiency described in subsection (a) is an impairment, and the failure of a health maintenance organization to correct the impairment in the time prescribed by the commissioner under subsection (a) is grounds for:

(1) the suspension or revocation of the certificate of authority of the organization; or

(2) placing the health maintenance organization in rehabilitation or liquidation.

*As added by P.L.26-1994, SEC.25.*

### **IC 27-13-24-3**

#### **Procedures; written order; revised application; hearing**

Sec. 3. (a) The commissioner may:

(1) suspend or revoke a certificate of authority;

(2) deny an application for a certificate of authority; or

(3) impose an administrative penalty;

under this article only after complying with this section.

(b) The commissioner may:

(1) suspend or revoke a certificate of authority;

(2) deny an application for a certificate of authority; or

(3) impose an administrative penalty;

under this section by written order that shall be sent to the health maintenance organization or applicant by certified or registered mail. In the case of an application for a certificate of authority, the written order must be sent within one hundred twenty (120) days after the submission of a completed application. Failure by the commissioner to issue an order within the one hundred twenty (120) day period constitutes approval of the application for a certificate of authority. The written order must state the grounds, charges, or conduct on which the suspension, revocation, denial, or administrative penalty is based. The health maintenance organization or applicant may in writing request a hearing within thirty (30) days after the date of the mailing of the order. If a written request is not made, the order is final upon expiration of the thirty (30) days.

(c) If an order is issued under subsection (b) denying an application for a certificate of authority, the applicant may initiate the following procedure:

(1) The applicant may submit to the commissioner a revised application or any other information or material addressing the reasons the commissioner denied the application. A revised application and other information submitted to the commissioner under this subdivision must be submitted within thirty (30) days after receiving the order, unless the applicant requests an extension of time from the commissioner, who may not unreasonably deny the request.

(2) Upon receiving an applicant's revised application or other information or materials as described in subdivision (1), the commissioner shall promptly review the materials regardless of whether the applicant has requested a hearing under subsection (b).

(3) An applicant's submission of a revised application or other information or materials is considered to correct and resolve the reasons for denying the original application for a certificate of authority. The application or revised application is considered to be approved unless the commissioner notifies the applicant in writing by certified or registered mail, within fifteen (15) business days after the date the submission under subdivision (1) is made, that the application or revised application is not approved. A written notification under this subdivision must state in detail the reasons for continuing to deny the application or the revised application.

(d) If the health maintenance organization or applicant requests a hearing under this chapter, the commissioner shall issue a written notice of hearing and send the notice to the health maintenance organization or applicant by certified or registered mail. The notice must contain a specific date and time for the hearing, which may not be less than twenty (20) days or more than sixty (60) days after the mailing of the notice of hearing.

*As added by P.L.26-1994, SEC.25. Amended by P.L.195-1996, SEC.8.*

#### **IC 27-13-24-4**

##### **Action by commissioner after hearing**

Sec. 4. (a) After a hearing, or upon failure of the health maintenance organization or applicant to appear at the hearing, the commissioner shall:

- (1) take whatever action the commissioner finds necessary and appropriate based on written findings; and
- (2) mail the decision to the health maintenance organization or applicant.

(b) The action of the commissioner under this chapter is subject to review under IC 4-21.5.

*As added by P.L.26-1994, SEC.25.*

#### **IC 27-13-24-5**

##### **Application of IC 4-21.5**

Sec. 5. IC 4-21.5 applies to proceedings under this chapter to the extent IC 4-21.5 does not conflict with any section of this chapter.

*As added by P.L.26-1994, SEC.25.*

#### **IC 27-13-24-6**

##### **Prohibited activity during suspension**

Sec. 6. A health maintenance organization whose certificate of authority is suspended may not, during the period of suspension:

- (1) enroll any additional enrollees, except newborn children or other newly acquired dependents of existing enrollees; or
- (2) engage in any advertising or solicitation.

*As added by P.L.26-1994, SEC.25.*

#### **IC 27-13-24-7**

##### **Conclusion of affairs following revocation of certificate of authority**

Sec. 7. (a) A health maintenance organization whose certificate of authority is revoked:

- (1) shall proceed, immediately following the effective date of the order of revocation, to wind up the affairs of the organization; and
- (2) may not conduct further business, except as essential to the orderly conclusion of the affairs of the organization.

(b) After the certificate of authority of a health maintenance organization is revoked, the health maintenance organization may not engage in further advertising or solicitation.

(c) Notwithstanding subsection (a), the commissioner may, by written order, permit further operation of a health maintenance organization after the certificate of authority of the organization is revoked if the commissioner finds the further operation of the organization to be in the best interest of enrollees.

*As added by P.L.26-1994, SEC.25.*

#### **IC 27-13-24-8**

##### **Prohibited activities before hearing**

Sec. 8. If the commissioner issues an order under section 3(b)(1) of this chapter and the health maintenance organization requests a hearing under section 3(d) of this chapter within the time period specified, the health maintenance organization may not:

- (1) enroll any additional enrollees, except newborn children or other newly acquired dependents of existing enrollees; or
- (2) engage in any advertising or solicitation;

until the commissioner takes action under section 4 of this chapter.  
*As added by P.L.26-1994, SEC.25. Amended by P.L.195-1996, SEC.9.*